

NCA
VOC FOR IOP/FN
BACKGROUNDER NO. 5-5674
FRED BROWN/NEW DELHI

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BANGLADESH ECONOMY

ANNCR:

AN UNPRECEDENTED THIRD STRAIGHT YEAR OF GOOD CROPS IN BANGLADESH HAS LESSENER THAT COUNTRY'S DEPENDENCE ON OUTSIDE HELP TO FEED ITS BURGEONING POPULATION. VOA CORRESPONDENT FRED BROWN HAS THIS BACKGROUND REPORT.

VOICE:

THIS YEAR'S EARLY WINTER HARVEST OF RICE IN BANGLADESH HAS BEEN OFFICIALLY ESTIMATED AT A RECORD SEVEN POINT FOUR MILLION TONS. HOWEVER, AUTHORITATIVE SOURCES SAY THE ACTUAL FIGURE MAY BE EVEN HIGHER -- PERHAPS EIGHT MILLION TONS, BARRING UNEXPECTED BAD WEATHER. THE YEAR'S TOTAL PRODUCTION APPEARS CERTAIN TO REACH A NEW RECORD.

THE INCREASED PRODUCTION IS ATTRIBUTED NOT ONLY TO GOOD WEATHER BUT TO THE SUCCESS OF GOVERNMENT AGRICULTURAL POLICIES, WHICH ARE DESIGNED TO REDUCE THE COUNTRY'S DEPENDENCE ON OUTSIDE HELP BY SUBSTANTIALLY INCREASING FOOD PRODUCTION. RICE OUTPUT PER HECTARE IN BANGLADESH HAS BEEN ONE OF THE LOWEST IN ASIA. OFFICIALS HAVE BEEN TRYING TO INCREASE THE YIELD WITH THE USE OF BETTER TECHNOLOGY AND BETTER WATER CONTROL -- BOTH FLOOD CONTROL AND IRRIGATION. THEY ALSO ARE RELYING ON INCREASED USE OF FERTILIZERS AND HIGH-YIELD VARIETIES OF GRAINS -- THE SO-CALLED "MIRACLE" WHEAT AND RICE.

INCREASING GRAIN PRODUCTION IS NOT ONLY A PROBLEM OF TECHNOLOGY BUT A MATTER OF ECONOMIC POLICY. THE PROBLEM IS HOW TO KEEP THE PRICE OF GRAINS LOW ENOUGH SO THE POOR URBAN DWELLERS CAN BUY IT AND YET HIGH ENOUGH SO THE FARMERS HAVE AN INCENTIVE TO GROW IT. THE PROBLEM OF AVOIDING DISINCENTIVE IS

ONE THAT ALSO GREATLY CONCERNS THE DONOR COUNTRIES THAT HAVE BEEN SUPPLYING FOOD TO BANGLADESH. OFFICIALS OF THE UNITED STATES, ONE OF THE MAIN DONOR COUNTRIES, NOW ARE REQUIRED BY ACT OF CONGRESS TO CERTIFY THAT FOOD FURNISHED UNDER THE FOOD FOR PEACE PROGRAM WILL NOT HAVE A NEGATIVE EFFECT ON PRODUCTION.

IN THE PAST, PUBLIC FOOD DISTRIBUTION IN BANGLADESH HAD TENDED TO DEPRESS PRICES PAID GROWERS. THE GOVERNMENT OF BANGLADESH HAS TRIED TO COUNTERACT THIS IN SEVERAL WAYS. FIRST, IT HAS BEEN TRYING TO SEE THAT LOW COST GRAIN GOES ONLY TO THE MOST NEEDY. SECONDLY, THE GOVERNMENT HAS BEEN BUYING UP GRAIN FROM THE FARMERS AT A PRICE HIGH ENOUGH TO PERMIT THEM TO MAKE A LIVING AND ALSO TO INVEST IN SEEDS AND FERTILIZERS FOR THE NEXT CROPS.

ALTHOUGH FOOD PRODUCTION IN BANGLADESH OVER THE YEARS HAS BEEN GRADUALLY INCREASING, SO TOO HAS THE POPULATION, AND AT A SOMEWHAT FASTER RATE. THIS HAS BEEN REFLECTED IN GROWING UNEMPLOYMENT. IN THIS RESPECT, INCREASED USE OF HIGH-YIELD VARIETIES OF WHEAT AND RICE HAS BEEN SOME HELP, SINCE THESE GRAINS REQUIRE MORE LABOR.

THE GOVERNMENT ALSO HAS BEEN TRYING TO PROMOTE LABOR INTENSIVE INDUSTRY IN RURAL AREAS, BUT SO FAR, WITHOUT TOO MUCH SUCCESS. ONE ANSWER TO THE PROBLEM OF UNEMPLOYMENT HAS BEEN EXPORTS OF WORKERS TO THE OIL RICH GULF COUNTRIES. THIS NOT ONLY HAS RELIEVED THE POPULATION PRESSURE SOMEWHAT, BUT HAS ALSO RESULTED IN AN ECONOMIC BONANZA. REMITTANCES FROM WORKERS ABROAD ARE BRINGING IN ABOUT EIGHT MILLION DOLLARS A MONTH NOW -- MONEY THAT CAN BE USED TO IMPORT MACHINERY AND CAPITAL GOODS. UNFORTUNATELY HOWEVER, THIS ALSO HAS ITS DRAWBACKS -- OFTEN THE WORKERS WHO GO TO THE GULF COUNTRIES ARE

PRECISELY THE ONES THAT BANGLADESH MOST NEEDS FOR ITS OWN DEVELOPMENT.

JS/RCS